

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
ANDY TOBIN
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON

In the matter of:

WAGNER CAPITAL MANAGEMENT,
LLC, an Arizona limited liability company,
and

ZACHARY S. WAGNER, CRD #6694074,
and Jessica N. Wagner, husband and wife,

Respondents.

DOCKET NO. S-21072A-19-0061

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO CEASE
AND DESIST, ORDER FOR RESTITUTION,
ORDER FOR ADMINISTRATIVE
PENALTIES, ORDER OF REVOCATION,
ORDER OF DENIAL, AND ORDER FOR
OTHER AFFIRMATIVE ACTION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Wagner Capital Management, LLC and Zachary S. Wagner have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") and the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act").

The Division also alleges that Zachary Wagner is a person controlling Wagner Capital Management, LLC within the meaning of A.R.S. § 44-1999(B), so that he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as the entity for its violations of the antifraud provisions of the Securities Act.

I.**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, the Securities Act, and the IM Act.

II.

RESPONDENTS

2. Zachary S. Wagner, CRD #6694074 (“Wagner”), has resided in Arizona during the timeframe relevant to this Notice, i.e. 2016 – March 2019.

3. Wagner Capital Management, LLC (“WCM”) is a member-managed, Arizona limited liability company formed on June 29, 2017. Wagner is WCM’s only employee and performed all of WCM’s consulting, advisory, and investment services.

4. Wagner and WCM may be referred to collectively as “Respondents.”

5. Jessica Wagner (“Respondent Spouse”) was at all relevant times the spouse of Wagner. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) and A.R.S. § 44-3291(C) solely for purposes of determining the liability of the marital community.

6. At all times relevant, Wagner was acting for his own benefit and for the benefit or in furtherance of his and Respondent Spouse’s marital community.

III.

REGISTRATION HISTORY AND CURRENT APPLICATION

7. Wagner has been registered with the Commission as a securities salesman since January 24, 2018. During that time, he was associated with Merrill Lynch, Pierce, Fenner & Smith Inc. He was employed at Merrill Lynch from October 26, 2017 – September 7, 2018.

8. Wagner did not disclose to Merrill Lynch that he and WCM were buying and selling securities for the investor client described in this Notice. Merrill Lynch terminated Wagner on September 7, 2018, for this failure to disclose.

9. Upon his termination from Merrill Lynch, Wagner was not associated with a registered dealer and his salesman registration with the Commission was automatically suspended pursuant to A.R.S. § 44-1949.

12. In fact, the Division served Wagner and WCM with subpoenas, which he received on January 29, 2019. The subpoenas state that they are being served as part of investigation and involve possible violations of the Securities Act and IM Act. Additionally, pursuant to these subpoenas, Wagner provided documents and attended an examination under oath on March 7, 2019, where it was disclosed to him that the Division could seek administrative action for his violations of the Securities Act and IM Act.

FACTS

15. In August 2017, M.O. was planning to open a daycare facility for special needs children. At this time Wagner no longer worked for Wells Fargo and had opened WCM to provide consulting and financial services.

3

1 “[h]ow much in total funds do you have collected or access to currently?” and to estimate expenses
2 for the daycare facility.

3 17. In her response to the above-described email, M.O. provided Wagner with a summary
4 of her business funds. This summary showed that M.O. had available funds totaling \$83,398.52 and
5 that the source of these funds was various personal loans. M.O. estimated that the daycare facility
6 would cost \$57,151 per month to operate.

7 18. In another August 31, 2017 email, Wagner told M.O. that he’d take the available cash,
8 wrap it up into one cash management account with WCM, and generate \$2000 – \$3000 each month
9 in margin-approved accounts with Fidelity Investments and TD Ameritrade while she waits to sign
10 a lease for the daycare facility building. When she signs a lease in the next few months, he would
11 wire \$50,000 from the margin accounts to M.O.’s bank accounts.

12 19. On September 14, 2017, Wagner sent M.O. an email with an attached document titled
13 “Business and Investment Proposal prepared for [M.O.’s entity], by Zachary Wagner, Wagner
14 Capital Management, LLC.” The proposal is signed by Wagner and dated September 11, 2017.

15 20. The second page to this proposal is a cover letter addressed to M.O. and her entity.
16 The letter states that “By hiring [WCM] to take care of all your financial needs, you can ensure a step
17 in the right direction. By partnering with us as your wealth manager...you have the services of highly
18 qualified, experienced professionals.”

19 21. The next page is titled “The Proposal.” It states that “investment management” is a
20 service Wagner/WCM perform. It further states that while “most advisers” focus on one thing, WCM
21 looks at long-term growth and “specialize[s] in use of derivatives to maximize returns.” WCM refers
22 to its customers as “clients” and touts its superior communication with its clients. WCM claims to
23 have “proven expertise in areas like investment management[.]” In the section titled “About Us”
24 WCM says that one of its functions is “asset management” where they utilize “a variety of strategies
25 including Long/Short Equities” and “arbitrage.” Further, they have a team of financial experts in
26 business for over 35 combined years.

1 22. The proposal also has pricing for Wagner/WCM's services. WCM charges 1.75% for
2 assets under management and 17.5% on gains.

3 23. A September 16, 2017 email from Wagner says that his main focus for M.O. is "using
4 the profit for the funds to pay any current loans you have and grow the overall account....I should be
5 able to generate \$2k-\$3k a month in additional income from the money we will invest and allocate
6 this Tuesday or Wednesday."

7 24. In conversations and email, Wagner represented to M.O. that he would make
8 distributions to M.O. or directly pay expenses related to starting M.O.'s daycare business, including
9 paying construction expenses, taxes, and interest on loans and credit cards.

10 25. M.O. did not receive subscription documents or any other disclosure or investment
11 documents from Wagner or WCM.

12 26. Based on the representations in Wagner's emails, the attached proposal, and in
13 meeting with Wagner, M.O. delivered two cashier's checks—one for \$48,058, the other for \$23,870,
14 a total of \$71,928—to WCM on September 19, 2017.

15 27. On or about September 19, 2017, Wagner deposited M.O.'s \$48,058 check into
16 WCM's Fidelity trading account.

17 28. On or about September 19, 2017, Wagner deposited M.O.'s \$23,870 cashier's check
18 into WCM's account at Chase. At the time of the deposit, WCM's Chase account had a balance of
19 \$335.53.

20 29. Over the course of the next two weeks, Wagner transferred \$14,000 from the Chase
21 account to WCM's Fidelity trading account. He spent most of the remaining funds in the account on
22 purchases consistent with personal use. The Chase account's ending balance on October 5, 2018 was
23 \$265.87.

24 30. Beginning in September 2017, and continuing through December 18, 2017, Wagner
25 bought and sold securities in the form of stocks, stock options, and index funds in the WCM Fidelity
26 account. This trading activity resulted in \$11,322.81 of losses from trading and \$2,029.13 of fees.

1 31. Between October 6, 2017 and January 2, 2018, Wagner transferred a net of \$48,628.12
2 from the WCM Fidelity account to WCM's Chase account. During this time, Wagner's deposits into
3 the Chase account from other sources totaled only \$3,884. Wagner spent the money in this Chase
4 account in the following ways:

- 5 a. \$24,250 net transfers to his personal Merrill Lynch account (discussed more in
6 the next paragraph)
- 7 b. \$15,948 total payments to and on behalf of M.O.
- 8 c. \$8,803 from four withdrawals
- 9 d. \$4,620 to Wagner's apartment complex
- 10 e. \$3,000 check written to himself
- 11 f. \$2,527 to a contractor that performed work at his parents' wine bar
- 12 g. \$2,225 for payments on three personal credit card accounts
- 13 h. \$900 in cash from ATMs
- 14 i. Various other payments consistent with personal use

15 32. Between November 27, 2017 and January 31, 2018, Wagner transferred a net total of
16 \$24,250 from the WCM Chase account to his personal Merrill Lynch account. His first transfer from
17 WCM was for \$20,500 and occurred on November 27, 2017, when the Merrill Lynch account's
18 balance was \$0. That same day, Wagner wrote a \$20,000 check from this Merrill Lynch account for
19 a loan to a local hay-hauling company. At the time of the loan to the hay-hauling company, that
20 company was in jeopardy because of a lack of inventory and capital. On December 8, 2017, Wagner
21 received an \$8,000 repayment on this loan, which he deposited in WCM's Chase account. (In
22 February and March 2018, the hay-hauling company made \$2,500 and \$8,000 payments to Wagner,
23 which he deposited in his personal account). By January 31, 2018, the balance in this Merrill Lynch
24 account was \$0.

25 33. Wagner transferred a net of \$4,337 from the Merrill Lynch account described in the
26 preceding paragraph to a second, personal Merrill Lynch account that had a \$0 balance prior to the

1 transfers. From this second, personal Merrill Lynch account, Wagner withdrew \$1,200 in cash, made
2 credit card purchases totaling \$704, and lost the remaining funds trading call options. By the end of
3 February 2018, the balance of this second Merrill Lynch account was \$0.

4 34. After Wagner had lost nearly all of M.O.'s money, he still represented to her that his
5 business was healthy and that her funds had significant value.

6 35. On several occasions, M.O. asked Wagner to provide an update on the value of her
7 funds.

8 36. On December 29, 2017, Wagner provided M.O. with a statement that purported to
9 show the value of M.O.'s funds that Respondents managed. This was the only account statement
10 M.O. received from Respondents. In this December 29, 2017 statement, M.O.'s funds are titled
11 "Shares in WC Diversified Funds, Proportionate Shares" and it shows her owning 5.81252 shares
12 with a "Unit price" of \$10,000 for total price of \$58,125.21.

13 37. The December 29, 2017 statement shows that WCM has \$390,000 total assets under
14 management. It also lists WCM's top five investment holdings and shows these holdings as stocks
15 and mutual funds. However, on December 29, 2017, WCM's Fidelity trading account had a value of
16 \$0.22, WCM's bank account had a balance of \$150.90, and Wagner's personal trading account held
17 only \$1,120 of call options in a single company—a company that was not listed in the "top five"
18 investment holdings in the statement (by the end of the day on December 29, 2017, Wagner had sold
19 those options for a net loss of \$165.38). Additionally, M.O. was Wagner and WCM's sole investor;
20 Respondents had no other investor funds under management.

21 38. As late as January 7, 2018, Wagner represented to M.O. via email that he still held
22 various investments with her funds, that these investments would grow, and that he would soon start
23 moving cash out of the investments for future use.

24 39. On January 26, 2018, Wagner told M.O. that he would make payments to a third party
25 pursuant to a request from M.O. He failed to do so. As discussed above, by this time Wagner had lost
26 or spent all of M.O.'s money.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

40. Respondents offered or sold securities in the form of stocks, stock options, exchange-traded funds, and investment contracts within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

41. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

42. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a. Representing to M.O. that Respondents would invest her funds in securities to generate a monthly income of \$2,000 – \$3,000 then spending the majority of those funds on items consistent with personal use and losing the remaining funds on trading securities;

b. Representing to M.O. that Respondents had purchased securities with her funds and providing a written statement showing the names of those securities and the value of her investment when in fact most of her funds had been lost or used on expenses consistent with personal use.

c. Representing to M.O. that as of December 29, 2017, WCM had \$390,000 of total assets under management and that M.O.'s investment was worth \$58,125.21 when in fact Respondents did not manage assets of any clients other M.O., and on December 29, 2017,

1 WCM's Fidelity trading account had a value of \$0.22, WCM's bank account had a balance of
2 \$150.90, and Wagner's personal trading account held only \$1,120 of call options in a single
3 company (by the end of the day on December 29, 2017, Wagner had sold those options for a net
4 loss of \$165.38).

5 43. This conduct violates A.R.S. § 44-1991.

6 **VII.**

7 **CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

8 44. From 2016 through 2018, Wagner directly or indirectly controlled WCM within the
9 meaning of A.R.S. § 44-1999. Therefore, he is jointly and severally liable to the same extent as WCM
10 for its violations of A.R.S. § 44-1991.

11 **VIII.**

12 **REMEDIES PURSUANT TO A.R.S. § 44-1962**

13 **(Denial, Revocation, or Suspension of Registration of Salesman; Restitution, Penalties, or other**
14 **Affirmative Action)**

15 45. Respondents' conduct is grounds to revoke Wagner's registration and deny his
16 application as a securities salesman with the Commission pursuant to A.R.S. § 44-1962(A)(1).
17 Specifically, Wagner has filed an inaccurate and misleading application for registration. In Wagner's
18 registration application filed on March 13, 2019, Wagner represents that he had not been notified in
19 writing of any state securities regulator investigation. In fact, the Division served Wagner and WCM
20 with subpoenas, which he received on January 29, 2019. The subpoenas state that they are being served
21 as part of investigation and involve possible violations of the Securities Act and IM Act. Additionally,
22 pursuant to these subpoenas, Wagner provided documents and attended an examination under oath on
23 March 7, 2019, where it was disclosed to him that the Division could seek administrative action for his
24 violations of the Securities Act and IM Act.

1 46. Respondents' conduct is grounds to revoke Wagner's registration and deny his
2 application as a securities salesman with the Commission pursuant to A.R.S. § 44-1962(A)(2) because
3 Respondents have violated A.R.S. §§ 44-1842 and 44-1991.

4 47. Respondents' conduct is grounds to revoke Wagner's registrations and deny his
5 application as a securities salesman with the Commission pursuant to A.R.S. § 44-1962(A)(10) because
6 Respondents have engaged in dishonest and unethical conduct under Commission Rules R14-4-
7 130(A)(14) (employing, in connection with the purchase or sale of a security, a manipulative or
8 deceptive device or contrivance) and R14-4-130(A)(16) (making unauthorized use of securities or funds
9 of a customer or converting customer securities or funds for personal benefit). Specifically,
10 Respondents:

11 a. Represented to M.O. that Respondents would invest her funds in securities to
12 generate a monthly income of \$2000 – \$3,000 then spending the majority of those funds on
13 items consistent with personal use and losing the remaining funds on trading securities;

14 b. Represented to M.O. that Respondents had purchased securities with her funds
15 and providing a written statement showing the names of those securities and the value of her
16 investment when in fact most of her funds had been lost or used on expenses consistent with
17 personal use.

18 c. Represented to M.O. that as of December 29, 2017, WCM had \$390,000 of total
19 assets under management and that M.O.'s investment was worth \$58,125.21 when in fact
20 Respondents did not manage assets of any clients other than M.O., and on December 29, 2017,
21 WCM's Fidelity trading account had a value of \$0.22, WCM's bank account had a balance of
22 \$150.90, and Wagner's personal trading account held only \$1,120 of call options in a single
23 company (by the end of the day on December 29, 2017, Wagner had sold those options for a net
24 loss of \$165.38).

25 48. Respondents' conduct is grounds to assess restitution, penalties, and take appropriate
26 affirmative action pursuant to A.R.S. § 44-1962.

IX.**VIOLATION OF A.R.S. § 44-3151****(Transactions by Unlicensed Investment Advisers
or Investment Adviser Representatives)**

49. Respondents transacted business in Arizona as investment advisers or investment adviser representatives while not licensed or in compliance with Article 4 of the IM Act.

50. This conduct violates A.R.S. § 44-3151.

X.**REMEDIES PURSUANT TO A.R.S. § 44-3201****(Denial, Revocation, or Suspension of Investment Adviser or Investment Adviser Representative
License; Restitution, Penalties, or other Affirmative Action)**

51. Respondents' conduct is grounds to deny Wagner's application as an investment adviser representative with the Commission pursuant to A.R.S. § 44-3201. Specifically, denial of Wagner's application would be in the public interest and appropriate pursuant to the following provisions:

a. A.R.S. § 44-3201(A)(1): Wagner's application for licensure, filed on March 13, 2019, is inaccurate. In his response to Form U4, Question 14G, Wagner represents that he had not been notified in writing of any state securities regulator investigation. In fact, the Division served Wagner and WCM with subpoenas, which he received on January 29, 2019. The subpoenas state that they are being served as part of investigation and involve possible violations of the Securities Act and IM Act. Additionally, pursuant to these subpoenas, Wagner provided documents and attended an examination under oath on March 7, 2019, where it was disclosed to him that the Division could seek administrative action for his violations of the Securities Act and IM Act.

b. A.R.S. § 44-3201(A)(3): Wagner has violated the IM Act by providing investment advisory services for compensation while not licensed to do so and committed fraud in connection with the provision of such services;

1 c. A.R.S. § 44-3201(A)(13): Wagner has engaged in dishonest or unethical
2 practices in the following ways:

3 i) Representing to M.O. that Respondents would invest her funds in
4 securities to generate a monthly income of \$2,000 – \$3,000 then spending the majority of
5 those funds on items consistent with personal use and losing the remaining funds on
6 trading securities;

7 ii) Representing to M.O. that Respondents had purchased securities with her
8 funds and providing a written statement showing the names of those securities and the value
9 of her investment when in fact most of her funds had been lost or used on expenses consistent
10 with personal use.

11 iii) Representing to M.O. that as of December 29, 2017, WCM had \$390,000
12 of total assets under management and that M.O.'s investment was worth \$58,125.21 when
13 in fact Respondents did not manage assets of any clients other than M.O. and on December
14 29, 2017, WCM's Fidelity trading account had a value of \$0.22, WCM's bank account had
15 a balance of \$150.90, and Wagner's personal trading account held only \$1,120 of call options
16 in a single company (by the end of the day on December 29, 2017, Wagner had sold those
17 options for a net loss of \$165.38).

18 52. Respondents' conduct is grounds to assess restitution, penalties, and take appropriate
19 affirmative action pursuant to A.R.S. § 44-3201.

20 XI.

21 VIOLATION OF A.R.S. § 44-3241

22 (Fraud in the Provision of Investment Advisory Services)

23 53. Respondents engaged in a transaction or transactions within or from Arizona involving
24 the provision of investment advisory services in which Respondents, directly or indirectly: (i) employed
25 a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state
26 material facts that were necessary in order to make the statements made not misleading in light of the

circumstances under which they were made; (iii) misrepresented professional qualifications with the intent that the client rely on the misrepresentation; or (iv) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit. Respondents' conduct includes, but is not limited to, the following:

a. Representing to M.O. that Respondents would invest her funds in securities to generate a monthly income of \$2,000 – \$3,000 then spending the majority of those funds on items consistent with personal use and losing the remaining funds on trading securities;

b. Representing to M.O. that Respondents had purchased securities with her funds and providing a written statement showing the names of those securities and the value of her investment when in fact most of her funds had been lost or used on expenses consistent with personal use.

c. Representing to M.O. that as of December 29, 2017, WCM had \$390,000 of total assets under management and that M.O.'s investment was worth \$58,125.21 when in fact Respondents did not manage assets of any clients other than M.O. and on December 29, 2017, WCM's Fidelity trading account had a value of \$0.22, WCM's bank account had a balance of \$150.90, and Wagner's personal trading account held only \$1,120 of call options in a single company (by the end of the day on December 29, 2017, Wagner had sold those options for a net loss of \$165.38).

54. This conduct violates A.R.S. § 44-3241.

XII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act and IM Act pursuant to A.R.S. § 44-2032, 44-1962, 44-3201 and 44-3292;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. §§ 44-2032, 44-1962, 44-3201 and 44-3292;

3. Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order Respondents to pay the state of Arizona administrative penalties of up to \$1,000 for each violation of the IM Act, pursuant to A.R.S. § 44-3296;

5. Order Respondents to pay the state of Arizona administrative penalties, pursuant to A.R.S. § 44-1962;

6. Order the revocation and denial of Respondent Wagner's registration and application as a securities salesman pursuant to A.R.S. § 44-1962;

7. Order the denial of Respondent Wagner's application as an investment adviser representative pursuant to A.R.S. § 44-3201;

8. Order that the marital community of Wagner and Respondent Spouse be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

9. Order any other relief that the Commission deems appropriate.

XIII.

HEARING OPPORTUNITY

Each respondent including Respondent Spouse may request a hearing pursuant to A.R.S. §§ 44-1972, 44-3212 and A.A.C. R14-4-306. **If a respondent or Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or at <http://www.azcc.gov/divisions/hearings/docket.asp>.

1 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20
2 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
3 ordered by the Commission. If a request for a hearing is not timely made the Commission may, without
4 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for
5 Hearing.

6 Persons with a disability may request a reasonable accommodation such as a sign language
7 interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon,
8 ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov. Requests should
9 be made as early as possible to allow time to arrange the accommodation. Additional information
10 about the administrative action procedure may be found at
11 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

12 XIV.

13 ANSWER REQUIREMENT

14 Pursuant to A.A.C. R14-4-305, if a respondent or Respondent Spouse requests a hearing, the
15 requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to
16 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007,
17 within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained
18 from Docket Control by calling (602) 542-3477 or on the Commission's website,
19 <http://www.azcc.gov/divisions/hearings/docket.asp>.

20 Additionally, the answering respondent must serve the answer upon the Division. Pursuant to
21 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy
22 of the answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
23 addressed to Ryan Millecam.

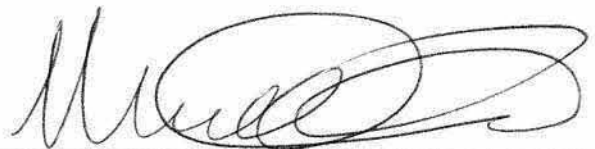
24 The answer shall contain an admission or denial of each allegation in this Notice and the
25 original signature of the answering respondent or respondent's attorney. A statement of a lack of
26

1 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
2 denied shall be considered admitted.

3 When the answering respondent intends in good faith to deny only a part or a qualification of
4 an allegation, the respondent shall specify that part or qualification of the allegation and shall admit
5 the remainder. The answering respondent waives any affirmative defense not raised in the answer.

6 The officer presiding over the hearing may grant relief from the requirement to file an answer
7 for good cause shown.

8 Dated March 16th, 2019.



Mark Dinell
Director of Securities